

## ESSENTIAL INFORMATION FOR FORM ST-3 (Rev. 12/3/13)

Please **read carefully** and **keep this information** in a convenient place for future reference.

### WHO MUST FILE

You are required to file form ST-3 to report any sales and use tax in this State. Note: You must file a return even if there is no tax due for the period. Enter zero "0" on lines 1 and 3 on the ST-3 if you do not have sales and/or purchases to report for the period. For information relating to a convenient and paperless method of filing certain returns via touchtone telephone (filing zero "0" returns), contact the Department by E-mail at [telefile@sctax.org](mailto:telefile@sctax.org) or by telephone at (803) 898-1715.

### WHEN TO FILE

Sales and Use Tax returns are due on or before the twentieth (20th) day of the month following the close of the period ended. Example:

**Monthly filers: (Return must be received/postmarked by the 20th)**

- January reporting period - no later than February 20.
- February reporting period - no later than March 20.
- March reporting period - no later than April 20, etc.
- December reporting period - no later than January 20 (of the next year).

**Note:** To request a change in your filing status (monthly, quarterly, annual or seasonal) a written request must be made to the South Carolina Department of Revenue. The request must be approved before a return and remittance can be made for the filing status being requested.

**Quarterly Filers: (Return must be received/postmarked by the 20th)**

- First Quarter (January, February, March) reporting period - no later than April 20.
- Second Quarter (April, May, June) reporting period - no later than July 20.
- Third Quarter (July, August, September) reporting period - no later than October 20.
- Fourth Quarter (October, November, and December) reporting period - no later than January 20 (of the next year).

**Annual Filers: (Sales for the entire year)**

December return must be received/postmarked no later than January 20 (of the next year).

**Seasonal Filers:** Seasonal filers are required to file returns only for those months scheduled to be reported. Returns must be received/postmarked no later than the 20th of the next month.

**Note:** If the 20th falls on a weekend or legal holiday, the return is due on the next business day.

### FILING STATE AND LOCAL OPTION SALES AND USE TAX FORMS

**ST-3: State Sales and Use Tax Return:** This form is available on the SCDOR website ([www.sctax.org](http://www.sctax.org)). When completing this form, you must provide your business name, address, retail license number or use tax registration number, period covered, federal employer identification number or social security number.

**ST-389: Schedule for Local Taxes:** You are required to file form ST-389 to report the appropriate local sales and use tax to a county or municipality based upon sales or deliveries within the county or municipality. You are required to file this form when:

- Your business is located in a county that imposes the tax or
- Your business delivers to a county or municipality with local tax regardless of whether your business is or is not located in a county that imposes a local tax.

The various local taxes reportable on the ST-389 are indicated on specific pages of form ST-389. See ST-389 instructions for reporting requirements.

**ST-389A: Local Option Addendum:** Use this form if you need more space for reporting the local option tax located on page 6 of ST-389. You must enter the applicable county/municipality code listed on the reverse side when reporting the local option tax.

**ST-8A: Resale Certificate:** The resale certificate form is used by retailers (purchasers) to purchase tax-free at wholesale items that are to be resold. This certificate is extended by the purchaser to the seller who maintains the certificate on file as evidence that the sales

transaction is not subject to the tax. It is not required that the form ST-8A be used as long as the certificate presented to the seller contains the purchaser's name, address, and retail sales tax license number. Also, it is not necessary that a certificate be extended each time a sale is made. A resale certificate should not be used by a retailer to purchase items for their own use.

**ST-14: Claim For Refund:** If you have overpaid your sales/use tax on your return, you should file a claim for refund in the form of a letter or by using the form ST-14, Claim for Refund, and file amended (corrected) figures for the periods requested. **Do not take a credit on the sales and use tax return for any overpayments.** The claim for refund should specify: the name, address, and telephone number of the taxpayer or contact person; the appropriate taxpayer identification number(s); the tax period or date for which the tax was paid; the nature and kind of tax paid; the amount which is claimed as erroneously paid; a statement of facts and documentation supporting the refund position; a statement outlining the reasons for the claim, including any law or other authority upon which you rely; and any other relevant information that the Department may reasonably require.

**C-278: Account Closing Form:** When closing or selling your business, you are required by law to return your sales and use tax license to the Department of Revenue indicating the date of closing. Complete Form C-278 when closing your business. You must file all returns and pay all taxes due. If you sell your business, the new owner will not be issued a new license until taxes due for locations have been paid.

**Change in Ownership:** Any change in ownership will require a new owner to complete a Business Tax Application, Form SCDOR-111 and remit the appropriate license fee. The SCDOR-111 is available on our website at [www.sctax.org](http://www.sctax.org). However, if you would like to obtain a license online (via the internet), go to SC Business One Stop, SC's Business Portal: [www.scbos.sc.gov](http://www.scbos.sc.gov).

**SC8822: Change of Name/Address/Business Location:** Any change of location requires that written notification be sent to the Department of Revenue by submitting form SC8822.

**Filing an Amended Sales and Use Tax Return:** Instructions for filing an amended State and Local Sales and Use Return for South Carolina are as follows:

- Check the "Amended Return" box on the top of your State sales and use tax return (e.g., ST-3, ST-388, ST-403 or ST-455). If there is no check box at the top of the return to indicate this is an amended return, be sure to write "Amended" at the top of the return. If your local sales and use tax return (e.g., ST-389) will change, write "AMENDED" across the top of the form.
- When filing an amended return, be sure to complete your return as if it were an original return. In other words, complete the amended return as if you were filing it for the first time. **DO NOT** complete the amended return with figures that represent the difference between the original amounts reported on the return and the amended amounts to be reported on a return.
- If using a copy of the original return, draw a line through any incorrect or wrong amounts as they appear on the original return reported and write down the correct amounts as they should have appeared on the return.
- If you filed an amended return on or by the due date of your original tax return, or if you filed an amended return after the due date of an originally filled return which was timely filed and paid, recalculating the taxpayer's discount may be necessary.
- If you underpaid your taxes when filing an amended return, verify your computations of the underpayment amount and send the additional tax due with applicable penalties and interest. Penalty and Interest calculations are available on our website [www.sctax.org](http://www.sctax.org) under the link P & I Calculator. If you overpaid your taxes, see Form ST-14 (Claim for Refund) for additional information.
- Sign and date the amended return.

All forms pertaining to sales and use tax may be found on our website or by calling (800) 768-3676 or (803) 898-5788.

# STEP-BY-STEP INSTRUCTIONS FOR ST-3

Please read this section before completing your form.

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All entries must be typed or hand printed, clearly and legibly. If you are using a blank form (non-preprinted) be sure to indicate the following information: Business Name, Address, Retail License Number or Purchaser's Certificate (Use Tax Registration), Federal Employer Identification Number or other identifying information (Social Security Number) and period covered. Please draw a line through any incorrect information, enter corrections and check the box on your return if your address changed.

If you have a retail license or a use tax registration, you are **required to file** a tax return **even if** there is **NO TAX DUE** for the period.

**IMPORTANT:** Complete all lines indicated with a delta (Δ) beside it, even if the amount to be reported is zero.

WHEN FILING "NO SALES" RETURNS, you must enter **zeroes** on lines 1 and 3 on the ST-3 or see Business Tax Telefile instructions.

**COMPLETE THE SALES AND USE TAX WORKSHEET ON THE BACK OF THE ST-3 BEFORE MAKING ENTRIES ON LINES 1 THROUGH 8.** The sales tax worksheet instructions have been changed to use the word "item" when referring to entries on the sales tax worksheet and "line" when referring to entries on the front of the form.

## STEP 1

## COMPLETING THE SALES AND USE TAX WORKSHEET

### SALES AND USE TAX WORKSHEET INSTRUCTIONS

#### ITEMS 1 through 6

**Item 1: Gross Proceeds of Sales/Rentals and Withdrawals of Inventory for Own Use** Enter the total amount of all sales (taxable and nontaxable), leases and/or rentals of tangible personal property made by the business for the reporting period. Nontaxable sales are to be deducted on Item 5. **DO NOT INCLUDE THE AMOUNT OF SALES TAX COLLECTED.**

You must also report purchases of tangible personal property (merchandise, equipment, etc.) purchased tax free at wholesale, but used by you and/or your employees. When purchasing merchandise out-of-state, there may be circumstances when additional tax is due. To determine if you owe additional tax, contact the South Carolina Department of Revenue (SCDOR).

**Item 2: Out-of-State Purchases Subject to Use Tax** Enter the total purchases of tangible personal property purchased from an out-of-state retailer who did not collect South Carolina use tax. If the tax rate in your county is greater than the tax rate paid out-of-state, contact SCDOR for additional information.

**Item 3: Total** Add Items 1 and 2. Enter total here and on line 1 on the front of ST-3. If local tax is applicable enter total amount on Item 1 of ST-389 worksheet.

**Item 4: Sales and Use Allowable Deductions** The state sales and use tax law provides several deductions (exemptions and exclusions) for sales and use tax purposes. There are full and partial deductions for state sales and use tax. Before any deductions may be itemized (claimed as non taxable on line 4) on your state sales and use tax return, the gross proceeds of sales must be reported on the state tax return (ST-3) worksheet (Items 1 and 2) . To claim a deduction on the state tax return, it should be identified as type of deduction and the dollar amount.

The list below is used to identify some of the exemptions and/or exclusions that may be shown as a deduction.

#### Examples of Allowable Deductions: (Not all inclusive. May not be applicable to all forms.)

Sales for resale	Trade-ins
Out-of-state sales	Food purchased with food stamps
Exemptions:	Sales Tax Holiday exempt sales
Manufacturing	1% tax reduction for purchases made by individuals age 85 or older <b>(1% tax reduction does not apply to local tax calculations)</b>
Agriculture	Unprepared food eligible to be purchased with USDA food coupon <b>(local tax applies if not specifically exempted by the local tax)</b>
Federal Government	
Medicine and prosthetic devices <b>(by prescription)</b>	
Diabetic Supplies <b>(by written authorization)</b>	
Gasoline sales	
Installation charges <b>(separately stated on invoice)</b>	

You are required to maintain records that will support all deductions claimed on this return. **A further explanation of deductions is available by obtaining a copy of the South Carolina Sales and Use Tax Code of Laws by contacting the Department's Main Office, the Taxpayer Service Centers or visit our website: [www.sctax.org](http://www.sctax.org)>Law and Policy.**

Note: Sales that are exempt from the state sales and use tax rate are generally exempt from the local tax rate. However, it is important to note that certain amounts itemized as a state sales tax deduction on Item 4 and subtracted on Item 5 of the state tax worksheet (reverse side of ST-3) may be subject to a local tax since the local tax may not specifically provide such an exemption. [For instance: 1% of the state sales tax and use rate for individuals age 85 or older is excluded from the state sales and use tax calculations. Therefore, an amount which is equivalent to 1% of gross proceeds of sales to such an individual is allowed as a deduction from gross proceeds of sales for state sales and use tax purposes. However, the total amount (gross proceeds of sale) of such a sale is subject to all applicable local sales and use taxes since the local taxes have no such exemption.] See ST-389 instruction for additional information if local taxes are applicable.

Sales of unprepared foods are exempt from the State sales and use tax rate and must be entered here. However, local taxes still apply to sales of unprepared foods unless the local tax law specifically exempts such sales. As a result, sales that are subject to a local tax must be entered on Item 1 of Form ST-389 (local sales tax worksheet).

**Item 5: Total Amount of Deductions** Enter the total of Column B here and on line 2 on front of ST-3.

**Item 6: Net Sales and Purchases** Item 3 minus Item 5. Total should agree with line 3 on front of ST-3.

**STEP 2****ST-3 - CALCULATION OF 6% SALES AND USE TAX**

**IMPORTANT:** Complete all lines indicated with a delta (Δ) beside it, even if the amount to be reported is zero.

**Line 1: Gross Proceeds of Sales** Enter the gross proceeds of sales, rentals, use tax and withdrawals of inventory for own use. Enter the total from Item 3 of your worksheet. Do **not** include sales tax collected in this amount.

**Line 2: Total Amount of Deductions** Enter the total amount of deductions from Item 5 of your worksheet.

**Line 3: Net Taxable Sales** Line 1 minus line 2.

**Line 4: Tax** Multiply line 3 x 6% (.06).

**Line 5: Taxpayer's Discount** A taxpayer's discount may be claimed when the return is filed and the tax due is paid in full on or before the due date of the return. **No discount** is allowed if the return **or** payment is received after the due date. The discount is computed as follows:

- If your combined tax liability (line 4, ST-3 and line 2, Column B, page 7 of 8 of ST-389) is less than \$100, the discount rate is 3% (.03) of line 4.
- If the total is \$100 or more, the discount rate is 2% (.02) of line 4. Deduct this amount from line 4..

**Note:** Discounts are not allowed to exceed \$3,000 per taxpayer (for all locations) during any one South Carolina fiscal year, which covers payments made from July 1 through June 30. This includes all returns which become due during this period (returns for June through May). The \$3,000 maximum includes the total discounts for sales/use and local taxes.

Taxpayers who file and pay electronically are allowed a \$3,100 maximum discount. The discount amount is \$10,000 for out-of-state retailers who cannot be required to register for sales and use tax but who voluntarily register to collect and remit the tax. However, you must receive prior approval from the Department of Revenue for the \$10,000 discount.

When claiming the discount amount allowed on tax return, taxpayer must not claim a discount amount that exceeds the maximum amount allowed. Any discount amount claimed in excess of the maximum amount allowed will be assessed for the difference.

**Line 6: Sales and Use Tax Net Amount Payable** Line 4 minus line 5.

**Line 7: Penalty and Interest** Enter the total of Penalty and Interest, using instructions below or visit our website: [www.sctax.org](http://www.sctax.org) and click on **P and I Calculator** (under Taxes and Licenses).

**PENALTY FOR FAILURE TO FILE A RETURN:** Five percent (.05) of the amount of tax due (from line 4 on the front of the return) for each month or fraction of a month of delinquency, not to exceed twenty-five percent (.25) of the amount of tax due.

**PENALTY FOR FAILURE TO PAY TAX DUE:** The penalty is one-half of one percent (.005) of the amount of tax due (the total of line 4 on the front of the return) for each month or fraction of a month of delinquency, not to exceed a total of twenty-five percent (.25) of the amount of tax due. The penalty for failure to file and pay must be combined and entered as a total on line 7.

**INTEREST:** Interest is assessed in accordance with Sections 6621 and 6622 of the Internal Revenue Code. Rates are based on the prime rate, subject to change quarterly and are compounded daily.

**Line 8: Total Sales and Use Tax** Enter the total of lines 6 and 7.

**STEP 3****ST-3 - ENTERING TAX FROM ST-389**

**REMINDER:** ST-389 must be completed and attached for all additional taxes. If this section does not apply, go to line 10 of the ST-3. See ST-389 for further information on the applicable taxes.

**Line 9: Total Taxes Due** (From Column D, line 5, page 7 of 8 of form ST-389)

**STEP 4****ST-3 - DETERMINE TOTAL AMOUNT DUE**

**Line 10: TOTAL AMOUNT DUE** Add lines 8 and 9.

**STEP 5****ST-3 - SIGNATURE**

Sign and date your return. All submitted forms must be completed with a valid file number (retail license or use tax registration number) and period covered.

**DON'T FORGET** - Returns are past due if postmarked after the 20th of the month.

If you are not using preprinted forms and it is necessary to use blank forms, be sure to include your Social Security Number or Federal Employer Identification Number in the space provided on the form.